

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF: Virgil Elson

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FILE NO. 0700163

CONSENT ORDER OF PROHIBITION

TO THE RESPONDENT: Virgil Elson
444 E. Hillcrest, Suite 300
DeKalb, Illinois 60115

C/O LOCKE LORD BISSELL & LIDDELL LLP
J. David Hopkins, Esq.
Elizabeth J. Campbell, Esq.
Counsel for Virgil Elson
Suite 1900, The Proscenium
1170 Peachtree Street, N.E.
Atlanta, Georgia 30309

WHEREAS, Respondent on the 10th day of July, 2008 executed a certain Stipulation to Enter Consent Order of Prohibition (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated October 31, 2007 in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Prohibition ("Consent Order").

WHEREAS, by means of the Stipulation, without admitting or denying the truth thereof, the Respondent acknowledged that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

1. That at all relevant times, the Respondent, a natural person, maintains a business address of 444 E. Hillcrest, Suite 300, DeKalb, Illinois.

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2. That beginning in 1998, Respondent offered to sell and sold to Illinois investors Viatical Settlements from the Mutual Benefits Corporation ("MBC"), telling the investors that MBC promised profits from twelve (12%) for a one year investment to seventy-two (72%) percent return on a seventy-two month investment.
3. That between 1998 and 2004, Respondent sold over 250 separate Viatical Settlement investment opportunities to over 185 Illinois investors, who invested over \$3,677,300.00.
4. That Respondent solicited investors from a plethora of sources, including but not limited to existing customers. He also obtained lists of customers from insurance agents, manned booths at county fairs, took referrals, and gave seminars at a variety of venues, including union halls (local 803 of the UAW) and retirement seminars, where the respondent touted the Viatical Settlement as a premier alternative to other products.
5. That Respondent earned over \$684,450.00 in commissions from the sale of Viatical Settlements.
6. That the activities set forth in paragraphs 2-4 constitute the offer and sale of an investment contract, and therefore a security as those terms are defined at Sec. 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 (815 ILCS 5) (the "Act").
7. That Section 5 of the Act states, *inter alia*, that all securities except those set forth under Section 2a of this Act, or those exempt under Section 3 of this Act, or those offered or sold in transactions exempt under Section 4 of this Act, or face amount certificate contracts required to be registered under Section 6 of this Act, shall be registered as hereinafter in this section provided, prior to their offer or sale in this State.
8. That at all relevant times, the security described in paragraph six (6) was not registered as required pursuant to Section 5 of the Act.
9. That Section 12.A of the Act provides it shall be a violation of the provisions of this Act for any person to offer or sell any security except in accordance with the provisions of this Act.
10. That Section 12.D of the Act provides, *inter alia*, that it shall be a violation of the provisions of this Act for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.

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11. That 12.C of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to act as a dealer, salesperson, investment advisor, or investment advisor representative, unless registered such, where such registration is required under this Act.
12. That beginning in 1998 and continuing through 2004, Respondent continued to offer and sell MBC Viatical Settlements to investors.
13. Through the conduct described in paragraphs six (6) and twelve (12), the Respondent acted as a dealer and/or salesperson for MBC.
14. That at all relevant times, the Respondent was not registered as a dealer and/or salesperson under the Act.
15. That on March 3, 1998, an Order of Prohibition ("1998 Order") was served on the Respondent, prohibiting him from offering or selling securities in the State of Illinois "EXCEPT in compliance with the Act".
16. That on March 24, 2000, a second Order of Prohibition ("2000 Order") was served on the Respondent, prohibiting him from offering or selling securities in the State of Illinois "EXCEPT in compliance with the Act".
17. That beginning in 1998 and continuing through 2004, Respondent offered and sold Investment Contracts to investors in the State of Illinois.
18. That the Respondent violated both the 1998 Order and the 2000 Order by offering and selling securities in the State of Illinois without complying with the Act.
19. That Respondent told investors that MBC promised profits from twelve percent (12%) for a one-year investment to seventy-two percent (72%) on a seventy-two month investment of Viatical Settlements.
20. That Respondent told investors that MBC promised safer and higher returns on retirement accounts, and recommended that investors move current IRA's to MBC Viatical Settlements.
21. That Respondent had no reasonable basis for recommending that MBC Viatical Settlements were a safe investment for retirement accounts.

22. That Section 12.F of the Act provides that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.

WHEREAS, by means of the Stipulation, without admitting or denying the averment, Respondent has acknowledged that the following shall be adopted as the Secretary of State's Conclusions of Law:

- (1) The Respondent violated Sections 12.A and 12.D of the Act.
- (2) The Respondent violated section 12.C of the Act.
- (3) The Respondent violated section 12.F of the Act

WHEREAS, by means of the Stipulation, Respondent has acknowledged and agreed that he shall be Prohibited from offering and selling securities in the State of Illinois.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he shall pay a fine in the amount of Twenty Thousand Dollars (\$20,000.00). Said amount is to be paid by certified or cashier's check, made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he has submitted with the Stipulation a certified or cashier's check in the amount of Twenty Thousand Dollars (\$20,000.00) to cover fines and costs incurred during the investigation of this matter. Said check has been made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. The Respondent shall be and is **PROHIBITED** from offering and selling Securities in the State of Illinois.
2. The Respondent shall pay a **FINE** in this matter in the amount of Twenty Thousand Dollars (\$20,000.00), payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund, and on

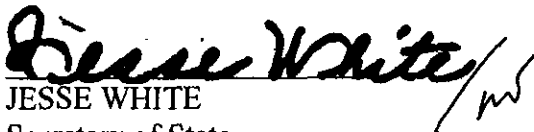
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July 2008 has submitted Twenty Thousand Dollars (\$20,000.00) in payment thereof.

3. The Department shall retain jurisdiction over this proceeding for the sole purpose of enforcing the terms and provisions of the Stipulation herein.
4. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED This 14th day of July, 2008


JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of the Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order, shall be guilty of a Class 4 Felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, {735 ILCS 5/3-101 et seq.} and the Rules and Regulations of the Illinois Securities Act, {14 Ill. Admin. Code Ch. I, Section 130.1123}. Any action for Judicial Review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

Attorney for the Secretary of State:
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